

ER-4-6884

EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON 25, D. C.

LIAISON 1

STATE

OCT 9 1953

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My dear Mr. Dulles:

Thank you for your letter of September 17, 1953, suggesting that the Central Intelligence Agency finance certain positions involving overt intelligence collection which heretofore have been financed by the State Department. I can understand your concern and sense of responsibility in this matter. Bureau staff members have discussed with your staff the particular activities mentioned in your letter, and were impressed with the problems of overt collection confronting the intelligence community.

As I understand the present distribution of intelligence responsibilities, the State Department quite clearly has been designated to collect overtly intelligence material abroad. Presumably this assignment was made known to the Congress during the justification of the State Department budget, and was considered when the State Department appropriation was enacted. For your agency to undertake that portion of the Department's activities as a consequence of appropriation reductions could be construed as a violation of the intent of Congress. For this reason, I do not believe I could approve the financing you suggest during fiscal year 1954.

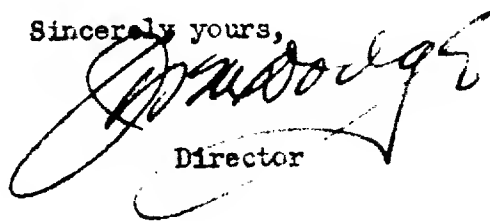
The issue you present is similar to that now surrounding many functions of Government, including others in the State Department, which must be reviewed in the face of agency budget reductions. I assume from your letter that the intelligence community already has attempted to persuade the Department to distribute its fund reductions so as to minimize the detrimental effect on overt collection activities. At the recent budget hearings on the 1955 request for the State Department "R" area, Assistant Secretary Wailes agreed to bring about a second look at the distribution of the Department's 1954 funds in terms of a balance of the Department's overall responsibilities. It may be that this reevaluation will produce a solution to the immediate problem you have posed.

Not Referred to NSC - per NSC Waiver

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In terms of the longer range aspects of this question, I understand that an IAC-wide analysis of overt collection responsibilities may be undertaken. This would be very helpful, particularly if the principal issues could be presented clearly to the Congress in connection with the budget justifications of the intelligence agencies.

Sincerely yours,

A handwritten signature in dark ink, appearing to read 'William F. Friedman', written over the word 'Director'.

Director

Honorable Allen Dulles
Director of Central Intelligence
Washington 25, D. C.